

Central Intelligence Agency



Washington, D. C. 20505

## DIRECTORATE OF INTELLIGENCE

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## THE CUBAN ECONOMY: A SOVIET SHOWCASE?

Summary

Despite 25 years of effort and \$33 billion in Soviet aid, Cuba's economic outlook is now bleaker than ever. Prospects for significantly increased hard currency funds--either from export earnings or foreign borrowings--are gloomy, as are the chances that Soviet economic largesse will increase by very much over recent levels. The Castro regime is highly unlikely to institute economic liberalization measures sufficient to deal with the consequences of this prolonged foreign payments problem. Thus, Havana will experience little real growth during the next several years and will be forced repeatedly to reschedule both its hard and soft currency debts. For the average Cuban, this means a continuation of the austerity of the past quarter of a century--rationing of basic necessities, shortages, and long lines.

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This memorandum was requested by Ken Skough, Coordinator for Cuban Affairs, State Department. It was prepared by [redacted] of the Cuba-Caribbean Branch, Middle America-Caribbean Division, ALA, and was coordinated with Sova

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### The Soviet Aid Record

One of the goals of Fidel Castro's revolution--to make the Cuban economy independent of foreign powers--has become increasingly distant after 25 years of his rule. In 1958, for example, 70 percent of Cuba's trade was with the United States; today, the USSR accounts for the same portion. Investment, once supplied primarily by private US residents, now comes mostly from the USSR. In addition, there are several thousand Soviet economic advisers and technicians on the island, directly involved in day-to-day economic management. Cuba's deepened economic dependence on the USSR, however, is most evident in its need for direct aid: whereas US economic aid to Cuba in 1958 was equivalent to less than 1 percent of national output, Soviet economic aid in 1983--valued at about \$4.2 billion--corresponded to more than 30 percent of Cuba's real output. Overall, this aid--comprising trade subsidies and development assistance and totaling over \$33 billion since 1960--has increased significantly since 1974, becoming by far the most important source of economic assistance Cuba now receives. Without it, Havana would be hard pressed to meet even basic consumption and investment needs.

Cuba depends on the Soviet Union for about 70 percent of its total trade. Moscow supplies Havana with nearly all of its crude petroleum and petroleum products, grain, lumber, and much of its industrial, agricultural, and transport equipment. In turn, Cuba exports half its sugar crop as well as the bulk of its nickel and citrus production to the USSR. Nearly all of this trade is conducted in soft currency through a bilateral clearing account.

Since the mid-1970s Soviet economic aid to facilitate this commerce has consisted primarily of Moscow's paying artificially high prices for Cuban goods while pricing its exports to Cuba below world market levels. These subsidies represent implicit grants, allowing Cuba to reduce its trade deficit by increasing the value of key exports and decreasing the cost of some imports. Together they have totaled over \$23 billion since 1961, reflecting the differences between Cuban-Soviet trading prices and world prices for sugar, nickel, and petroleum.

Cuba claims--and trade data reported by Havana and Moscow indicate--that the general pricing formula (and basis of subsidies) established in Cuba's current five-year (1981-85) trade agreement with Moscow is indexed in a way that Havana maintains its purchasing power of 1974-75--the period of record world sugar prices and oil prices that averaged \$11 per

barrel.<sup>1</sup> In 1982, for example, the USSR paid over five times the world market price for Cuban sugar and nearly twice the market price for nickel. In addition, Moscow charged Havana only about three-fifths of the OPEC benchmark price for oil.

Moscow also provides Cuba--both directly and through Cuba's participation in CEMA--materials, equipment, and advisers for projects relating to export development and import substitution. This aid is extended in the form of long-term credits (up to 25 years) with grace periods as long as 10 years and at interest rates of no more than 4 percent. According to a Soviet official, over 200 projects and enterprises were constructed or expanded during Cuba's First Five-Year Plan (1976-80) through Soviet assistance. According to the official--as well as to Soviet trade statistics--this aid amounted to 1.2 billion rubles, or about \$1.7 billion during the period. Plants built or modernized with Soviet participation since Castro took power in 1959 account for 100 percent of the output of sheet metal, 95 percent of steel, 50 percent of fertilizers, and 40 percent of electric power.

In addition, that part of Cuba's annual ruble trade deficit with the USSR not covered by development project credits is financed on favorable terms. The determination of the amounts to be financed in this way apparently occurs during both annual and five-year bilateral trade negotiations. Cuban officials have indicated that these credits are to be repaid over 15 to 17 years, including a five-year grace period, at zero interest.

Overall development assistance--project aid and trade deficit financing--has totaled over \$9 billion since 1960, according to Cuban and Soviet trade data. About 40 percent of the total has accrued since 1979, owing partly to increased deliveries for project aid but primarily to the failure of Cuba's

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<sup>1</sup>This means that for every \$1 per barrel increase in the price Moscow charges Havana for its 2000,000 b/d of oil imports, the USSR will increase the price it pays Cuba for its annual 3.5 million metric tons of sugar imports by 1 cent per pound. The price charged Cuba for its oil imports from the USSR is based on the CEMA formula--a moving average of the world price of oil over the previous five years.

soft currency exports to keep pace with its imports from the USSR.<sup>2</sup>

In addition to these forms of aid, the Soviet Union has helped alleviate Cuba's financial pressures in dealing with the West:

- It has purchased some sugar outside the protocol for hard currency.
- Moscow has also provided Havana with convertible currency for oil it saves from its protocol allotment. Last year Cuba received \$570 million--two-fifths of its total foreign exchange export earnings--from this special arrangement.
- The USSR also has eased Havana's hard currency constraints by intermediating its purchases. Thus, Cuba receives over 1 million tons of grain annually from Canada, with Moscow paying Ottawa hard currency but charging Havana soft currency, saving Cuba \$200-300 million a year.

#### Other Sources of Aid

Although the USSR is by far Cuba's largest donor, East European countries--through CEMA and bilateral channels--have delivered sizable amounts of soft currency economic aid. Cuban data indicate that Eastern Europe provided about \$600 million in development aid and trade credits during 1976-80 and nearly \$1 billion already during the first three years of the 1981-85 Five-Year Plan. In addition, these countries pay a preferential price for sugar and nickel, although generally not as high as the price Moscow pays. Trade subsidies totaled \$735 million in 1976-80 and \$553 million in 1981-82.

Hard currency aid from Western nations and organizations is of a much smaller magnitude. Official development assistance disbursed to Cuba by individual OECD and OPEC countries and

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<sup>2</sup>The portion of this assistance that accrued before 1973--about 3.4 billion--was rescheduled by the USSR in December 1972. Moscow terminated all interest charges and postponed initial repayment until 1986.

multilateral organization has totaled \$280 million during 1971-82. About half of this amount is allocated through bilateral programs, with Sweden and the Netherlands the largest contributors. Projects funded include training for tourism, equipment for the sugar industry, and laboratory equipment for medical research. The remainder is from various UN agencies. Programs financed include educational development, an experimental paper plant using bagasse (a sugarcane processing byproduct), and renovation of Old Havana. This aid probably will continue to fluctuate, but is unlikely to rise about the \$50 million annual levels of the late 1970s, due to the plight of needier countries elsewhere and the limit of funds available to multinational organizations.

Despite the large scale of all this aid, the Cuban economy was not able to grow faster than other non-OPEC LDCs, which achieved an average annual real growth of 4.7 percent for the 1976-80 period compared to our estimated 3.4 percent for Cuba.<sup>3</sup> Moreover, Cuba's hard currency debt increased by about 140 percent over the same period--nearly the same as the 145-percent average of non-OPEC LDCs financing oil imports. The centrally planned economy and low worker productivity probably were the main factors behind Havana's lag.

#### Deteriorating Economic Relations with the West

Because about 80 percent of Cuba's trade is with Soviet Bloc countries where its terms of trade are protected, Havana was not affected as negatively as other LDCs by the drop in commodity prices after 1980. As a result, Cuban growth for 1981-83 averaged about 2.5 percent compared to 1.2 percent for non-OPEC LDCs. Nevertheless, Havana was not totally sheltered from international market and financial conditions during this period, which worked to deteriorate its economic dealings with the West and make Soviet aid increasingly important.

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<sup>3</sup>In 1981 Cuba received about \$165 per person in official development assistance (not including trade subsidies) from the Soviet Union, Eastern Europe, and the West, or about six and a half times the amount received by the average middle-income developing country. When trade subsidies from the USSR and East Europe are included, per capita aid rises to \$512 or nearly 20 times more than the average.

Cuba's current economic downswing began in late 1980 with the sharp fall in the world price of sugar--until then, the source of over half of Havana's hard currency export earnings. Constrained by export restrictions imposed by the International Sugar Organization, export obligations to soft currency customers, and the size of its harvest, Cuba was not able to increase the volume of world market sugar sales enough to offset the 70-percent decline in prices between 1980 and 1982. Increased hard currency flows from the USSR and China and earnings from Havana's other major sources of foreign exchange--nickel, seafood, tobacco, and tourism--did not fill the gap.

At the same time, interest payments on debt increased by over 50 percent from 1979 to 1982, and many of Cuba's requests for new credits were turned down as lenders became more wary about Third World and Communist countries. Moreover, in 1982 international bankers withdrew over \$500 million of the short-term deposits in Cuban banks, or 35 percent of the 1981 level.

To deal with these changes, Havana slashed its imports from the West by about 40 percent from 1980 to 1982 and cut other convertible currency expenses such as embassy budgets. These measures proved insufficient and domestically costly, however, as growth dropped to an estimated 1.4 percent in 1982 from 5.4 percent in 1981, largely due to the reduction in imported inputs vital to such basic industries as steel and construction.

Lacking sufficient inflow of funds, the Castro government drew down its foreign exchange reserves by 75 percent between 1981 and mid-1982 to cover immediate financial obligations according to Cuban statistics released to its creditors. With reserves sufficient to cover only six weeks of imports, Havana requested a rescheduling of and stopped principal payments on its medium- and long-term debts in August 1982. Accordingly, Cuba reached an agreement in March 1983 with its government creditors that provided for the rescheduling of 95 percent of the principal due on its medium- and long-term debt from September 1982 to December 1983 (about \$400 million). A similar agreement for rescheduling almost \$200 million with commercial banks was reached in December 1983.

Even with the payments relief provided by the debt rescheduling, Havana's economy remained troubled last year. The Castro government's claim that the economy grew by 5.2 percent in real terms is highly suspect. Heavy rains and high winds substantially damaged the important sugar and tobacco crops as

well as many vegetable crops for domestic consumption. Moreover, convertible currency exports were down and hard currency imports, which even Castro has admitted are essential for growth, rose only slightly from 1982's depressed level and remained 30 percent below the amount imported in 1981.

Havana may have achieved some growth last year--perhaps 1 or 2 percent--through increased activity in the construction sector, much of which was funded by Soviet and CEMA aid. Cuba also was successful in shifting the composition of its hard currency imports so that intermediate goods imports from the West rose by 25 percent while total convertible currency imports increased by only 6 percent. This permitted production by industries dependent on Western inputs to continue, though some probably were affected by equipment breakdowns as imports of capital machinery and parts from the West declined by 31 percent.

Cuba's trade and current account balances (\$512 million and \$238 million respectively) were positive last year, though not as favorable as in 1982. Sugar and nickel exports nosedived due to production and marketing problems, causing Havana to fall short of the export target set in the 1983 rescheduling agreement. Without the income from the special oil arrangement with Moscow, Havana's current account balance would have been \$335 million in the red.<sup>4</sup>

### Outlook

The dreary economic picture shows no signs of improving this year, and recognizing this, Havana again rescheduled its medium- and long-term debts maturing in 1984--about \$365 million. Information released by Cuba to its creditors shows that the island's foreign exchange earnings are projected to fall again this year. The volume of sugar exports should recover somewhat from 1983's low level, but world prices have fallen even

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<sup>4</sup> Cuba could not have obtained enough new loans to finance a deficit of the magnitude, and its reserves would have financed only a portion of it. Thus, without the cash infusion from the USSR, Cuba would have been forced to halve its already low hard currency imports, bringing them well below the level that even Cuban officials admit is necessary to maintain production throughout the economy.

further. Nickel earnings for 1984 are projected to drop slightly from last year's already reduced level due to the loss of some markets. Cuba also projects that tobacco, naptha, coffee, and service earnings will decline. Havana will thus continue to rely on Moscow for a substantial portion of its hard currency funds--it expects to draw \$475 million for the oil deal this year.

Even though convertible currency export earnings are expected to decline, Havana plans to increase--albeit slightly--its imports from the West this year. Raw material and intermediate goods imports will rise, but capital goods imports will fall again. This increased reliance on the Soviet Union for machinery and equipment is likely to decrease the quality, efficiency, and reliability of Cuba's capital stock. Havana may achieve limited growth again this year, but in the near future this policy will cause even slower economic activity and will thwart efforts to diversify the economy.

Continued foreign payments problems almost certainly will force Havana to request another debt rescheduling in 1985. Prospects for a significant increase in sugar earnings are dim as experts predict that the world market price will remain low. Nickel production should increase next year as a new nickel plant comes on line, but exports to the West are likely to increase only slightly, due to probable continued marketing problems. Havana has ready markets for its seafood and its world-famous tobacco, but is unable to produce substantial additional quantities of either. Cuba will continue its efforts to expand revenues from tourism, but the island's lack of first-rate accommodations and entertainment will prevent it from attracting affluent visitors and keep its earnings from rising much above last year's \$52 million. Havana also hopes to boost its earnings from its construction personnel abroad, but will have problems since its primary customers--Libya, Iraq and Algeria--have retrenched development plans in the wake of plunging oil revenues. Cuban revenues from this service dropped from \$60 million in 1979 to only \$16 million last year, and are not expected to pick up for at least the next few years.



Beyond 1985, Cuba's economic prospects become even more grim. In 1986 the grace periods expire on both last year's rescheduled debt to the West and the payments rescheduled by Moscow in 1972. Cuba will then need to come up with about \$400 million in hard currency to repay Western banks and governments in addition to \$100-150 million extra in goods to the USSR.<sup>5</sup> Havana is not likely to be able to expand export production enough to meet these payments. Moreover, the chances of hard currency infusions from Moscow rising much are not good:

- The special oil arrangement expires in 1985 and is not likely to be renewed. The Soviet Union probably implemented this arrangement to encourage Cuban conservation and thus pave the way for future cuts in oil shipments without imposing upon Havana the hardships of abrupt declines.
- In light of the magnitude of Havana's recent trade deficits with Moscow, the USSR probably will demand from Cuba a higher trade protocol commitment for sugar in the 1986-90 trade agreement. This will decrease the ad hoc hard currency purchases.

Thus, the Castro government at a minimum is likely to have to ask Moscow to postpone debt repayments again. Because this probably will not free enough resources for Cuba to meet the hard currency repayments, Havana probably will request another rescheduling from Western countries and banks.

Additionally, the composition and level of soft currency aid from Moscow will change somewhat in coming years. The petroleum subsidy should approach zero by 1985 because the moving average price charged by the USSR will become roughly equivalent to the world price. Barring a change in pricing policies, the sugar subsidy will continue to increase, however, as world market prices remain depressed and Havana's sugar production and exports to Moscow increase. The nickel subsidy will also rise somewhat as the volume of Cuban exports to the USSR expands.

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<sup>5</sup> The \$400 includes \$100 million of the debt rescheduled in 1983, along with \$300 million of maturities that fall due in 1986.

Moscow may draw the line on Havana running such large trade deficits during the next five-year plan however. While the Soviet Union undoubtedly will continue to assist in the development of the Cuban economy, the Castro regime probably will have to settle for considerably less than it would like and needs for long-term sustained growth. An indication of this occurred during the recent CEMA summit meeting in Moscow where Cuba's pleas from more rapid industrialization were apparently denied, wedding it for the indefinite future to its traditional role as a producer of basic commodities.

### Economic Reforms?

A logical course of action for the Castro regime to follow in dealing with the consequences of this prolonged slump would be to allow greater individual initiative and rewards in order to help meet critical shortages and spur workers' productivity. Debate over economic policy is likely to increase in the Cuban leadership with pragmatists and technocrats pressing for more material incentives, greater autonomy for enterprise managers, and reduced restrictions on private enterprise activities. However, such policies go against the ideological grain of the dominant "hardliners" and are unlikely to be adopted.<sup>6</sup>

Havana has implemented a few economic liberalization measures in recent years, probably at the behest of the pragmatists:

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<sup>6</sup> The so-called hardliners are primarily ex-guerrillas from the struggle against Batista. More than three-fourths of the Politburo fall into this category. Most are politically unsophisticated, tend to view the world in black and white terms, and are intensely anti-American. Moderates in the hierarchy include veterans of the pre-Castro Communist Party and a younger group of "technocrats" who are largely responsible for the daily operations of the economy. The "old communists" are prone to represent Soviet interests in policy discussions and have a more solid background in economic and political administration. Because of their advanced age, however, they are steadily fading as a political factor.

- A general salary reform was instituted in 1980 that ties wages more closely to skills and performance, and allows for bonuses for production above standards.
- Farmer's free markets were established in 1980, allowing private farmers to sell production in excess of their state quotas in a market where prices are determined by supply and demand.
- State enterprises have been permitted to contract for and dismiss labor directly since 1980.
- A law permitting up to 49 percent foreign ownership of Cuban enterprises was implemented in 1982.

Actions taken by the Castro regime subsequently, however, indicate that it intends to pursue a hardline approach over the next several years and that prospects for more reforms are bleak. For example, despite the evident success of the farmers' free markets in stimulating productivity, a major crackdown was waged on these markets two years after they were implemented. The ideological purists in the regime apparently judged that the negative political and "moral" effects--the rise of "capitalist" behavior, for example--outweighed the benefits. The markets were virtually shut down for several months. Activity has since resumed, but several restrictions were placed on the farmers, decreasing their incentives. In addition, last year state-run "parallel" markets were opened that compete directly with the farmers' markets. Also, in a move targetted at individuals living illegally in Havana and engaging in black market activities, the government announced that it would begin enforcing a law previously ignored to prevent the illegal occupation of vacant government-owned building and other property in Havana. Moreover, even with considerable promotion by the Cuban government, Havana has failed to attract a single foreign investor yet, primarily because the existing legislation does not provide enough freedom to prospective foreign partners. The Castro regime certainly recognizes this, but has not acted to remedy it.

Although Fidel Castro is more pragmatic and sophisticated than the purists, he generally sees any movement toward economic liberalization as a necessary evil that serves only to resolve short-term problems. Like his hardline colleagues in the hierarchy, he fears that such reforms will lead to a popular desire for additional liberalization and a decentralization of

Table 1

Soviet Assistance Delivered to Cuba<sup>a</sup>

Million US\$

	Average Annual 1961-70	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983 <sup>b</sup>	Total 1961- 1983
Development aid <sup>c</sup>	225	450	565	430	295	150	185	230	320	460	830	1,415	975	1,000	9,555
Trade subsidies	102	120	49	181	43	914	1,384	2,040	2,626	2,718	2,633	3,145	3,693	3,200	23,766
Sugar <sup>d</sup>	102	51	0	71	-408	577	989	1,638	2,427	2,324	1,165	1,366	2,580	2,800	16,600
Petroleum <sup>e</sup>	0	42	27	62	411	310	374	378	164	381	1,480	1,657	1,006	300	6,592
Nickel <sup>d</sup>	0	27	22	48	40	27	21	24	35	13	-12	122	107	100	574
Total economic aid	327	570	614	611	338	1,064	1,569	2,270	2,946	3,178	3,463	4,560	4,668	4,200	33,321

<sup>a</sup>Based on official Cuban and Soviet trade data.<sup>b</sup>Preliminary.<sup>c</sup>Based on (a) estimated balance-of-payments aid necessary to cover Cuban trade deficits with the USSR, (b) Cuban purchases of capital goods from Moscow, and (c) public statements by Cuban and Soviet officials concerning the amount of development aid extended. This aid is repayable but terms are highly concessional. Projection for 1983 is based on preliminary trade data.<sup>d</sup>Sugar and nickel subsidies are estimated as the difference between the price Moscow pays for these commodities and their world market value. The difference is considered a grant and not subject to repayment.<sup>e</sup>The petroleum subsidy reflects the difference between the value of petroleum purchased from the USSR and the value of these imports at world market prices. It is considered a grant and not subject to repayment.

Table 2

Million US\$

Soviet Hard Currency Flows to Cuba<sup>a</sup>

	Average Annual 1961-70	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983 <sup>b</sup>	Total 1961-83
<b>Total</b>	<b>55</b>	<b>62</b>	<b>69</b>	<b>73</b>	<b>123</b>	<b>601</b>	<b>343</b>	<b>546</b>	<b>290</b>	<b>356</b>	<b>375</b>	<b>703</b>	<b>773</b>	<b>837</b>	<b>5,701</b>
Soviet sugar purchases	0	0	0	0	0	424	159	223	126	134	0	168	291	16	1,541
Grain/flour exports	55	62	69	73	123	174	173	216	133	213	234	319	266	2,855	2,855
Other	0	0	0	0	0	3	11	107	31	9	141	216	216	571	1,305

<sup>a</sup>Based on Soviet and Cuban trade data

<sup>b</sup>Preliminary

<sup>c</sup>Primarily money for oil saved from protocol allotment

Table 3

Million US\$

Hard Currency Debt Outstanding as of 30 December<sup>1</sup> 1983

<b>TOTAL</b>	<b>3,320.0</b>
Official bilateral	1,682.9
Intergovernmental Loans	204.4
Credits for Development Aid	32.2
Export Credits with Government Guarantee <sup>1</sup>	1,446.3
Official Multilateral	27.7
Suppliers Credits	118.2
Financing Institutions	1,490.4
Bank Loans and Deposits	1,426.5
Medium-term Bilateral and Commercial Loans	543.8
Short-term Deposits	882.7
Credits for Current Imports	63.9
Other Credits	0.8

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<sup>1</sup>Preliminary.

Table 4

Million US\$

Value of Exports by Major Commodity<sup>a</sup>

	<u>1957</u>	<u>1965</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983<sup>b</sup></u>
<b>Total</b>	<b>818</b>	<b>691</b>	<b>1,050</b>	<b>861</b>	<b>840</b>	<b>1,372</b>	<b>2,707</b>	<b>3,572</b>	<b>3,284</b>	<b>3,677</b>	<b>4,575</b>	<b>4,829</b>	<b>5,593</b>	<b>5,406</b>	<b>5,928</b>	<b>6,416</b>
Sugar	654	591	806	657	622	1,032	2,336	3,209	2,855	3,067	3,957	4,144	4,677	4,269	4,560	4,730
Raw and refined	629	579	785	634	602	1,011	2,299	3,183	2,832	3,038	3,931	4,090	4,624	4,225	4,526	4,717
Molasses	25	12	21	23	20	21	37	26	23	29	26	55	53	44	34	13
Minerals	47	50	175	136	125	190	171	169	201	238	212	223	270	409	347	360
Nickel	32	40	173	136	124	182	167	164	193	232	206	213	260	400	339	352
Other	15	10	2	NEGL	1	8	4	5	8	6	6	10	10	9	8	8
Tobacco	48	33	33	32	40	62	73	63	74	85	92	83	51	72	124	119
Raw	37	19	15	14	15	23	25	22	26	34	29	30	8	24	54	37
Manufactured	11	14	18	18	25	39	48	41	48	51	63	53	43	48	70	82
Foodstuffs and Beverages	2	5	29	31	45	86	120	131	153	171	208	241	255	301	312	372
Of which:																
Fish and shellfish	7	3	19	22	29	40	59	63	79	83	113	132	124	126	117	122
Citrus	2	1	3	3	5	10	15	14	16	22	39	47	58	99	118	137
Other <sup>c</sup>	57	12	7	5	8	2	7	0	1	116	106	138	340	355	585	835

<sup>a</sup>Exports are f.o.b.<sup>b</sup>Preliminary.<sup>c</sup>Includes reexports. In recent years, Cuba has reexported some of its petroleum imports.

Table 5

Million US\$

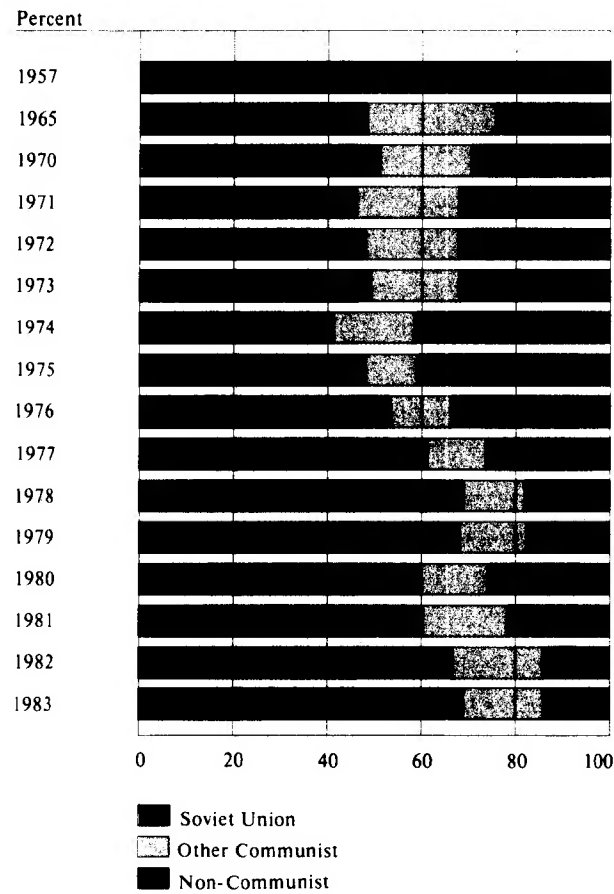
## Hard Currency Current Account Balance

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983<sup>a</sup></u>
Trade balance	-134	-114	89	-13	113	-256	-708	-530	-181	137	517	364	727	511
Exports, f.o.b. <sup>b</sup>	272	304	389	492	1,175	1,576	904	929	792	939	1,759	1,799	1,627	1,431
Socialist <sup>c</sup>	0	0	0	0	0	405	104	308	168	155	141	422	747	600
Imports, f.o.b. <sup>d</sup>	406	418	300	505	1,062	1,832	1,612	1,456	973	802	1,242	1,435	900	920
Interest payments	-26	-35	-40	-55	-70	-45	-55	-105	-190	-243	-371	-432	-409	-288
Other current transactions <sup>e</sup>	20	20	20	25	25	10	25	40	-332	-84	-213	132	41	14
Current account balance	-140	-129	69	43	68	-291	-738	-595	-703	-190	-67	64	359	237

<sup>a</sup>Preliminary.<sup>b</sup>1978-83 data based on Cuban balance of payments statistics;<sup>c</sup>Hard currency purchases of Cuban goods from Socialist countries. Primarily sugar purchases from the USSR and China.<sup>d</sup>For 1970-77, imports c.i.f. For 1978-83 imports f.o.b. and transportation included in service account (other current transactions).<sup>e</sup>Includes primarily receipts from tourism, ship chartering, and construction, and payments for transportation.

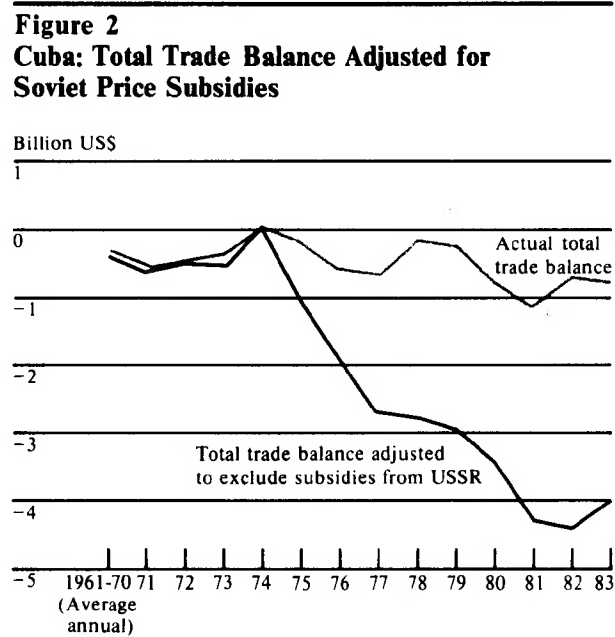


**Figure 1**  
**Cuba: Share of Total Trade by Major Area**



**Unclassified**

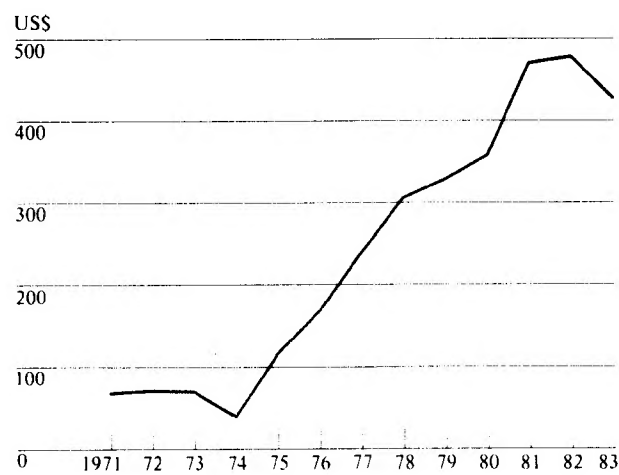
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**Figure 3**  
**Cuba: Per Capita Soviet Economic Assistance**



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**Subject: THE CUBAN ECONOMY: A SOVIET SHOWCASE?**

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